



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation

Self-Insurance Regulation • MS-60

7551 Metro Center Dr., Ste 100 • Austin, Texas 78744-1645

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SURETY BOND for Assumed Certified Self-Insurance Liabilities

Bond Number _____

KNOW ALL PERSONS BY THESE PRESENTS, THAT WE _____

_____, a _____
(Name of Principal) (State)

corporation with its principal place of business in the City of _____, State
(City)
of _____, as Principal, and _____
(State) (Name of Surety)

_____, a _____ corporation, authorized to do business in
(State)
Texas, as Surety, are held and firmly bound unto the Commissioner of Workers' Compensation for the
Obligations and Liabilities assumed by the Principal and initially incurred by the Certificate Holder as a
Certified Self-Insurer under the Texas Workers' Compensation Act in the sum of _____
(Written Amount)

_____, Dollars (\$ _____), lawful money
(Written Amount) (Decimal Amount)

of the United States, for the payment of which sum we bind ourselves, our successors and assigns,
jointly and severally, firmly by these presents.

In this Bond, these terms have the following meanings:

1. "Act" refers to the Texas Workers' Compensation Act; Texas Labor Code, Title 5, Subtitle A.
2. "Rules" refers to the adopted administrative rules of the Texas Department of Insurance, Division of Workers' Compensation.
3. "Certificate Holder" refers to the former "certified self-insurer," as that term is specified in Texas Labor Code §407.065, under the Certificate of Authority(ies) issued by the Division under the name(s) of:

(Specify CSI, including all subsidiaries included on any Certificate)

4. "Commissioner" refers to the Commissioner of Workers' Compensation as specified in the Act.
5. "Division" refers to the Division of Workers' Compensation.
6. "Bond" means this Surety Bond and all riders and amendments thereto accepted by the Commissioner in accordance with the terms hereof.
7. "Penal Sum" refers to the dollar amount of this Bond.

8. "Security Deposit" refers to the security (Surety Bond, irrevocable letter of credit, cash, or negotiable securities of the United States or Texas) provided by the Principal to the Commissioner to guarantee its Obligations and Liability.
9. "Texas Certified Self-Insurer Guaranty Association" refers to the quasi-governmental entity governed by Subchapter G, Chapter 407, Texas Labor Code.
10. "Declaration of Impairment" refers to a written determination by the Commissioner that the Principal or its agent has become an impaired withdrawn self-insurer:
- who has suspended payment of workers' compensation,
 - who has filed for relief under bankruptcy laws,
 - against whom bankruptcy proceedings have been filed, or
 - for whom a receiver has been appointed by a court of competent jurisdiction;
- as these criteria for impairment are described or referenced in Texas Labor Code §§407.001(3), 407.045, 407.124 and 28 Texas Administrative Code §§114.2 and 114.14.
11. "Bond Call" refers to the written demand by the Commissioner to secure the release of this Bond's proceeds.
12. "Bond Draw" refers to a partial payment by the Surety on the Penal Sum of this Bond in accordance with the terms of this Bond.
13. "Cancellation" refers to the point in time at which the Principal and Surety are no longer incurring Obligations and Liabilities under this Bond.
14. "Termination" refers to the full release of all Surety responsibility under this Bond.
15. "Obligations and Liabilities" means the amount equal to the sum of the amount of the liabilities for the payment of outstanding workers' compensation claims, including claims incurred but not yet reported, and the amount necessary to provide for the payment of the administration of those claims, including legal costs and expenses, initially incurred by the Certificate Holder as Certified Self-Insurer(s) under the Texas Workers' Compensation Act between
- _____ and _____
(Effective date of 1st Certificate) (Last date of self-insurance coverage)
16. "Principal" refers to _____
(Name of Principal)
- which has assumed the responsibilities and the Obligations and Liabilities of the Certificate Holder as a withdrawn self-insurer.

WHEREAS, in accordance with the provisions of the Act and Rules, the Certificate Holder elected to self-insure, and made application for, or received from the Division, Certificate(s) of Authority to Self-Insure; and

WHEREAS, the Principal has assumed the responsibilities and the Obligations and Liabilities of the Certificate Holder as a withdrawn self-insurer under the Act; and

WHEREAS, the Principal is required to furnish proof satisfactory to the Commissioner of its ability to assure that all workers' compensation Obligations and Liabilities incurred by the Certificate Holder as a certified self-insurer under the Act are promptly met.

NOW THEREFORE, the conditions of this Bond or obligation are such that if the Principal shall pay and furnish compensation, pursuant to the terms, provisions, and limitations of the Act, then this Bond shall not be liable for those liabilities, which have been paid by the Principal.

FURTHERMORE, it is understood and agreed that:

1. Term of This Bond

This Bond shall be continuous in term and shall remain in full force and effect unless terminated in the manner provided herein. This Bond and the Obligations and Liabilities in this Bond shall otherwise remain and continue in full force and effect so long as the liability of the Principal for the Obligations and Liabilities of the Certificate Holder exists under the Act.

2. Scope of This Bond's Coverage

The Surety undertakes and agrees that the obligation of this Bond shall cover and extend to all Obligations and Liabilities of the Principal, as assuming those Obligations and Liabilities of the Certificate Holder, under the Act to the extent of the Penal Sum herein named, without regard to specific injuries, date or dates of injuries, happenings, or events. Obligations and Liabilities are deemed hereby to be incurred on the date an injury is sustained by an employee of the former Certificate Holder.

3. Limitation of Liability on This Bond

The aggregate liability of the Surety shall not exceed the Penal Sum in any event except as expressly stated in this Bond.

4. Cancellation of This Bond

4.1. Scope of Cancellation - This Bond shall secure the payment of all Obligations and Liabilities incurred by the Principal before the effective date of Cancellation. Cancellation of this Bond does not alter or limit:

4.1.1. The Term of this Bond or

4.1.2. The responsibilities of the Surety under this Bond or

4.1.3. The Obligations and Liabilities incurred by the Principal before the effective date of Cancellation.

4.2. Cancellation by Surety - The Surety may cancel this Bond by the Commissioner receiving written notice of Cancellation from the Surety 60 days before the requested effective date of Cancellation. The Commissioner will acknowledge the written notice and promptly notify the Principal of the pending Cancellation date.

4.3. Effect of Failure to Furnish a Replacement Security Deposit - Failure by the Principal to furnish a replacement qualifying, acceptable Security Deposit in the full amount and in the form as approved and required by the Commissioner within 10 working days after receiving any notice of Cancellation by the Surety under section 4.2 of this Bond may result in a Bond Call by the Commissioner under the provisions of this Bond. A "working day" is defined in 28 Texas Administrative Code §102.3(b).

4.4. Effective Cancellation Date - The effective cancellation date may be earlier than the 61st day after the Commissioner receives written notice under Section 4.2; however, in no case will it be later than the 61st day.

4.5. Notification by Commissioner – The Commissioner will provide the Surety and the Principal written notification of the effective date of any Cancellation under Section 4 of this Bond.

5. Termination

5.1. Full Release of Surety - All of the Surety's obligations under this Bond are terminated whenever:

5.1.1. The Principal furnishes a replacement qualifying, acceptable Security Deposit(s) in the full amount, and in the form as approved and required by the Commissioner, or

5.1.2. The Surety has paid the full Penal Sum of the Bond plus assessed legal costs, if any.

5.2. Notification by Commissioner - The Commissioner will provide the Principal and the Surety written notice of the effective Termination date of this Bond.

6. Effective Dates and Times

6.1. Dates – For purposes of this Bond, the Commissioner shall count dates starting with the first calendar day after receipt and approval.

6.2. Times - For purposes of this Bond, times are effective at 12:01 a.m.

7. Return of Original Bond - Upon acceptance of a replacement Security Deposit(s), the Commissioner will return the original Bond to the Principal.

8. Amendments to This Bond

8.1. If the Principal legally changes its name, this Bond shall be amended by rider or endorsement to state the correct name of the Principal after such change in name. Such rider or endorsement shall be executed by the Principal and Surety and delivered to the Commissioner.

8.2. If the Principal amends its charter, articles of incorporation, or partnership agreement to change its identity or business structure, or in any other manner materially alters its status as it existed at the time of issuance of this Bond, the Principal shall, within 30 days after the amendment or other action, notify the Commissioner in the form and manner prescribed by the Commissioner and provide the Commissioner with a copy of such amendment or other action. The Principal shall provide other required notices specified in 28 Texas Administrative Code §114.13 as the entity assuming the Obligations and Liabilities of the former Certificate Holder and shall comply with the requirements specified in 28 Texas Administrative Code §§114.10 and 114.12.

8.3. If the Penal Sum of this Bond is increased or decreased to maintain an adequate Security Deposit as required by the Act, this Bond shall be amended by rider or endorsement or revised bond acceptable to the Commissioner and executed by the parties to reflect such increase or decrease upon prior written approval of the Commissioner.

8.4. Except as provided (or set forth) in 8.2 above, no amendment of this Bond shall in any way impair or limit the Obligations and Liabilities incurred under this Bond for the overall coverage of said Principal.

9. Impact of Changes in Law on This Bond

No change in Texas law, in the Act, or in the Rules, procedures, or organization of the Division shall in any way impair or limit the responsibilities of this Bond, and the Division shall not be required to notify the Surety of such changes in order for them to be effective.

10. Applicable Law

This Bond shall be governed by, construed, and enforced in accordance with the laws of the State of Texas. Venue for any action with respect to this Bond shall be in the state district courts of Travis County, Texas. The Principal and Surety hereby consent to the personal jurisdiction of the Travis County District Courts in any action taken on this Bond.

11. Conflict between This Bond and Applicable Law

This Bond is submitted in connection with the self-insurance provisions of the Act and is intended to be governed thereby. In the event of any conflict between this Bond and any statute, rule, regulation, or other law; the statute, rule, regulation, or other law shall control except for Bond Call and Bond Draw procedures otherwise specified in this Bond.

12. Liability for Enforcement Costs

In addition to the Penal Sum of this Bond, the Principal and the Surety shall be jointly and severally liable for all costs including, but not limited to, reasonable legal fees, administrative costs, and expert witness fees incurred by the State of Texas or the Texas Certified Self-Insurer Guaranty Association to collect, defend, or otherwise enforce this Bond; however, costs may be assessed up to ten percent of the Penal Sum of the Bond. Any costs associated with enforcing this Bond exclude legal costs and expenses associated with any claims administration payout of Obligations and Liabilities.

13. Subrogation

If the payment of benefits and claims administration are made through the Texas Certified Self-Insurer Guaranty Association, the Texas Certified Self-Insurer Guaranty Association assumes all rights of subrogation, exclusively, from the Principal, beginning on the date the Texas Certified Self-Insurer Guaranty Association assumes the workers' compensation Obligations and Liabilities of the Principal that were initially incurred by the Certificate Holder as Certified Self-Insurer(s) under the Texas Workers' Compensation Act and that were subsequently assumed by the Principal as a withdrawn certified self-insurer. The date for any such payment transfer shall be determined by the Commissioner under Texas Labor Code §407.127.

IF THE COMMISSIONER ISSUES A DECLARATION OF IMPAIRMENT UNDER THE TERMS OF THIS BOND OR ISSUES A WRITTEN DETERMINATION THAT THE PRINCIPAL OR ITS AGENT HAS FAILED TO TIMELY FURNISH THE DIVISION WITH REPLACEMENT SECURITY DEPOSIT UNDER SECTION 4.3 OF THIS BOND, THEN it is understood and agreed that:

1. The undersigned Surety will become responsible for the indemnification of the Principal's Obligations and Liabilities that were initially incurred by the Certificate Holder as a Certified Self-Insurer(s) under the Texas Workers' Compensation Act, upon the issuance of a Declaration of Impairment.
2. A Declaration of Impairment or a determination of failure to furnish a replacement security deposit satisfies any and all requirements for proof of loss with the Surety on behalf of the Texas Department of Insurance, Division of Workers' Compensation or the Texas Certified Self-Insurer Guaranty Association.
3. Upon a receipt of a Bond Call, the Surety will remit the entire Penal Sum of this Bond, or any portion thereof, which the Commissioner calls within ten (10) calendar days of receipt of such Bond Call. The ten-day period does not include the day of receipt of this Bond Call by the Surety. The Surety shall make payment in accordance with written instructions from the Commissioner as to the payee, place, and manner of payment submitted by the Commissioner in this Bond Call.

4. Upon a Bond Call by the Commissioner for the full Penal Sum of this Bond and upon prior written approval from the Commissioner, the Surety and the Texas Certified Self-Insurer Guaranty Association may enter into an agreement and negotiate a series of Bond draws against the full Penal Sum of this Bond that are sufficient to fund the monetary requirements of the Texas Certified Self-Insurer Guaranty Association in paying benefits and administering claims as determined solely by the Texas Certified Self-Insurer Guaranty Association. Failure of the Surety and the Texas Certified Self-Insurer Guaranty Association to reach a timely, mutually acceptable agreement, or failure of the Surety to timely perform according to a mutual agreement will result in the full Penal Sum of this Bond being due and payable in accordance with the Bond Call. The Commissioner has sole authority to determine when the Surety and the Texas Certified Self-Insurer Guaranty Association either have failed to reach a timely, mutually acceptable agreement or that the Surety has failed to timely perform according to such a mutual agreement.
5. Any agreement under the preceding paragraph, entered into by the Surety with the Texas Certified Self-Insurer Guaranty Association for a series of Bond Draws, shall not alter, affect or modify, impair, or limit the term or scope of this Bond.
6. Any funds remaining, after all Obligations and Liabilities of the Principal have been paid, shall be repaid to the Surety one year after all Obligations and Liabilities have been paid.
7. Any interest earned from the investment of Bond proceeds by the Texas Department of Insurance, Division of Workers' Compensation and/or the Texas Certified Self-Insurer Guaranty Association, whoever is administering the claims of the Principal, becomes the property of that administrator for the benefit of the Obligations and Liabilities of the Principal.

DISPUTES CONCERNING THE DEPOSIT, RENEWAL, TERMINATION, RELEASE, OR RETURN OF ALL OR PART OF THE SECURITY, or any liability arising out of the submission or failure to submit security, or the adequacy of the security or reasonableness of the administrative costs, including legal fees, shall be resolved by the Commissioner pursuant to Section 407.066 of the Texas Labor Code.

PROVIDED FURTHER, THIS BOND SHALL BE EFFECTIVE AS OF 12:01 a.m. on the _____ day of _____, _____.

Signed, sealed, and delivered this _____ day of _____, _____.

SURETY BOND - DWC230

Bond Number _____

FOR SURETY

Name of Insurance Company

Address/City/State/Zip Code of Insurance Company

Area Code/Telephone Number of Insurance Company

Signature: Attorney In-Fact and/or Authorized Representative

Printed Name/Title

Area/Code/Telephone Number

Business Name of Representative

Business Address of Representative

City/State/Zip Code of Representative

ATTEST

(Affix Seal Here)

Corporate Secretary of Surety

Printed Name

FOR PRINCIPAL

Signature: Attorney In-Fact and/or Authorized Representative

Printed Name/Title

Area/Code/Telephone Number

Business Name

Business Address

City/State/Zip Code

ATTEST

(Affix Seal Here)

Corporate Secretary of Principal

Printed Name